

STATE OF COLORADO

DEBT NET

GENERAL SUPPORT SERVICES

• Central Collections Services •

DIVISION OF CENTRAL SERVICES

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gregory.kirchhof@state.co.us



CENTRAL COLLECTION SERVICE NDSL (PERKINS LOANS) – LOAN REHABILITATION

Effective July 1, 2000, the U.S. Department of Education put into affect the Perkins Loan Rehabilitation Program. This program is designed to encourage borrowers to pay their delinquent loans by offering incentives. After completing 12 consecutive monthly payments, the borrower may sign a new promissory note for the balance.

1. The schools will administer the loan rehabilitation program.
2. CCS will refer all borrowers requesting loan rehabilitation to the appropriate school.
3. Each school should provide CCS a specific contact and phone number for this program if it is different from our normal contacts.
4. The schools must notify CCS when a borrower has entered the rehabilitation program. Email, memo, fax or the Cancel/Adjustment form can be used to notify CCS.
5. Once CCS is notified, the account status will be changed to **RHB** (excluding bankruptcies). This will stop all further communication by CCS or a private collection agency except tax offset notices.
6. The school must notify CCS of each of the 12 monthly payments using the standard Pay-Direct form. Commission will NOT be charged to rehabilitation payments.
7. The school must again notify CCS by the same methods in step 4 when a borrower breaks the rehabilitation plan. CCS and/or the private collection agency will then resume collection efforts.
8. CCS will continue to submit the loan for tax offset during the twelve-month repayment plan. Any tax-offset payment received is NOT to be counted as one of the 12 voluntary payments. Tax-Offset, Legal Judgements payments and Wage/Garnishment payments are not considered to be voluntary payments.
9. Once the borrower has completed the necessary twelve consecutive monthly payments and a new loan has be signed CCS and/or the private collection agency will cancel the original loan and remove all trade-line entries from the Credit Bureaus.
10. Please contact CCS if you or the borrower have any questions.